

## Message Text

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PAGE 01 OECD P 11913 01 OF 02 161659Z

43

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

AID-20 CEA-02 CIAE-00 COME-00 EB-11 EA-11 FRB-02

INR-10 IO-14 NEA-14 NSAE-00 RSC-01 OPIC-12 SP-03

TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02 OMB-01 PA-04

PRS-01 INT-08 AGR-20 OIC-04 XMB-07 STR-08 DRC-01

SCI-06 ( ISO ) W

----- 047349

O 161648Z MAY 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2697

UNCLAS SECTION 01 OF 02 OECD PARIS 11913

E.O. 11652: N/A

TAGS: EIND, OECD

SUBJECT: MEETING OF AD HOC WORKING PARTY ON PULP AND  
PAPER INDUSTRY, MAY 20-21, 1974

REF: DIE/IND/PP/74.6 1ST REVISION

1. WORKING PARTY WILL COMPLETE ITS REPORT ON IMPACT OF  
GOVERNMENTAL MEASURES ON PULP AND PAPER INDUSTRY AT  
SUBJECT MEETING. DOCUMENT CIRCULATED FOR MEETING  
(REFDOC) HAND-CARRIED WASHINGTON BY M. BLAKE (TREASURY)  
ON MAY 15 FOR DELIVERY TO EUR/RPE (TARRANT). DRAFT  
RECOMMENDATIONS WILL BE TABLED AT MEETING. MISSION HAS  
OBTAINED ADVANCE COPY, REPRODUCED BELOW. ACTION  
REQUESTED: OWING TO IMPORTANCE OF SUBJECT MATTER  
ADDRESSED, AND IN PARTICULAR TO SENSITIVITY OF  
STATEMENTS AND RECOMMENDATION ON INTERNATIONAL TRADE IN  
PULP AND PAPER, MISSION REQUESTS INSTRUCTIONS TO ARRIVE  
NO LATER THAN MORNING OF MAY 20.

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PAGE 02 OECD P 11913 01 OF 02 161659Z

2. TEXT OF DRAFT RECOMMENDATIONS FOLLOWS:

"1. REGIONAL DEVELOPMENT PROGRAMMES AND PLANS FOR INDUSTRIAL RESTRUCTURING

ALTHOUGH THE WORKING PARTY'S EXAMINATION OF THIS AREA HAS NOT REVEALED ANY MAJOR PROBLEMS IT REMAINS A POTENTIALLY DIFFICULT AREA. THE WORKING PARTY ACCORDINGLY RECOMMENDS THAT IN EXAMINING THE APPLICATION OF REGIONAL INCENTIVES AND PLANS FOR INDUSTRIAL RESTRUCTURING, MEMBER GOVERNMENTS SHOULD SEEK TO AVOID DISTORTIONS IN INTERNATIONAL TRADE AS FAR AS POSSIBLE BY GIVING CONSIDERATION, FOR EXAMPLE, TO EXISTING AND PLANNED WORLD CAPACITY IN THE PULP AND PAPER INDUSTRY, FORECAST DEMAND PATTERNS AND THE LIKELY ECONOMIC IMPACT ON WORLD MARKETS OF MEASURES TAKEN, RAW MATERIAL AVAILABILITY IN THE LONGER TERM AND THE CYCLICAL NATURE OF THE INDUSTRY.

"2. RECYCLED FIBRES AS A RAW MATERIAL

THE REPORT (PARAGRAPHS 38-41) EMPHASIZES THE CONCERN FELT BY THE WORKING PARTY ABOUT THE POTENTIALLY DIFFICULT FUTURE SUPPLY SITUATION FOR RAW MATERIALS. IN ADDITION A SUBSTANTIAL INCREASE IN WOOD-PULP PRICES IS EXPECTED. AGAINST THIS BACKGROUND, WHICH IS OF CONCERN TO VIRTUALLY ALL MEMBER COUNTRIES, THE WORKING PARTY RECOMMENDS THAT SERIOUS CONSIDERATION BE GIVEN BY THE INDUSTRY COMMITTEE TO CARRYING OUT A DETAILED EXAMINATION OF THE POTENTIAL FOR INCREASING THE USAGE OF RECYCLED FIBRES, ESPECIALLY WASTE-PAPER. IT RECOMMENDS, AS A FIRST STEP, A FULL EXCHANGE OF INFORMATION BETWEEN MEMBER GOVERNMENTS ON PRESENT AND PLANNED METHODS OF IMPROVING THE COLLECTION, SORTING AND UTILIZATION OF WASTE-PAPER AND OTHER ANNUAL AND NON-WOOD FIBRES. IN THE OPINION OF THE WORKING PARTY, THIS INFORMATION SHOULD BE USED AS THE BASIS FOR A FULL ECONOMETRIC AND TECHNOLOGICAL STUDY WHICH WOULD INCLUDE THE ASSOCIATED MACHINERY.

"3. UTILIZATION OF BY-PRODUCTS AND WASTES

IN VIEW OF NEW PRESSURES ARISING FROM CURRENT ENERGY PROBLEMS, THE WORKING PARTY RECOMMENDS THAT THE INDUSTRY COMMITTEE GIVE CONSIDERATION TO THE DESIRABILITY OF AN EXCHANGE OF INFORMATION BETWEEN GOVERNMENTS ON THE LATEST DEVELOPMENTS IN THE UTILIZATION OF BY-UNCLASSIFIED

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PAGE 03 OECD P 11913 01 OF 02 161659Z

PRODUCTS AND WASTES OF THE PULP AND PAPER INDUSTRIES, E.G. BARK USED TO PRODUCE ENERGY, AN INCREASED USE OF FOREST RESIDUES IN THE PRODUCTION OF PULP (WOOD CHIPS, BARK, ETC.).

"4. SOCIO-ECONOMIC PROBLEMS

CONSIDERABLE CONCERN WAS EXPRESSED IN THE WORKING PARTY ABOUT THE POTENTIAL SOCIO-ECONOMIC PROBLEMS WHICH MIGHT ARISE AS A RESULT OF THE FORECAST SHORTAGES

OF RAW MATERIAL AND MANPOWER ALLIED TO INCREASED  
ENERGY COSTS. THE WORKING PARTY RECOMMENDS CONTINUING  
DISCUSSIONS BETWEEN MEMBER GOVERNMENTS OF ANY MEASURES  
TAKEN IN THIS CONTEXT IN ORDER TO ENSURE, AS FAR AS  
POSSIBLE, AN INTEGRATED APPROACH TO THESE PROBLEMS AS  
THEY ARISE.

"5. POSSIBLE PROBLEMS AGFSING FROM THE CREATION OF  
INTERNATIONAL TRADE GROUPINGS  
ALTHOUGH IT DOES NOT SEEM THAT IN THE LONG-TERM

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PAGE 01 OECD P 11913 02 OF 02 161656Z

43

ACTION EUR-25

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AID-20 CEA-02 CIAE-00 COME-00 EB-11 EA-11 FRB-02

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UNCLAS SECTION 02 OF 02 OECD PARIS 11913

FORECAST TRADE CHANGES - POTENTIALLY DISADVANTAGEOUS TO  
THE EXPORTS OF SOME COUNTRIES - WILL NOT (SIC)  
NECESSARILY IMPLY SIGNIFICANT DAMAGE TO THE PULP AND  
PAPER INDUSTRIES IN QUESTION, THERE CAN BE NO DENYING  
THAT, POTENTIALLY, THE DANGER EXISTS. SHOULD GROWTH  
RATES IN FUTURE YEARS NOT MATCH THOSE ENJOYED IN RECENT  
DECADES, A SLOWER RISE IN CONSUMPTION OF PULP AND PAPER

MIGHT EXPOSE ADVERSE TRADE IMPACTS WHICH, IN THE PAST,  
HAVE BEEN MASKED.

THE WORKING PARTY CONSIDERS, THEREFORE, THAT IT  
WOULD BE HIGHLY DESIRABLE FOR THE PULP AND PAPER TRADE  
FLOWS OF MEMBER COUNTRIES TO BE MONITORED ON A  
CONTINUOUS BASIS UNDER THE AEGIS OF OECD. SUCH  
MONITORING COULD INCLUDE EXAMINATION OF:

(A) WHETHER ANY SUCH CHANGES IN TRADE FLOWS POSE  
POTENTIAL OR ACTUAL ECONOMIC AND SOCIAL DIFFICULTIES  
FOR THE INDUSTRY IN CERTAIN COUNTRIES;

(B) WHETHER IN SUCH CIRCUMSTANCES, RELEVANT  
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PAGE 02 OECD P 11913 02 OF 02 161656Z

GOVERNMENT POLICIES OF A GENERAL NATURE ARE ADEQUATE FOR  
DEALING WITH THESE DIFFICULTIES;

(C) AND, IF NOT, WHETHER SPECIAL MEASURES COULD BE  
IDENTIFIED WHICH THE INDUSTRY MIGHT NEED TO PREVENT  
ECONOMIC AND SOCIAL DISTURBANCES CONSEQUENT ON THE  
FORMATION OF NEW INTERNATIONAL GROUPINGS."

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## Message Attributes

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**Draft Date:** 16 MAY 1974  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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